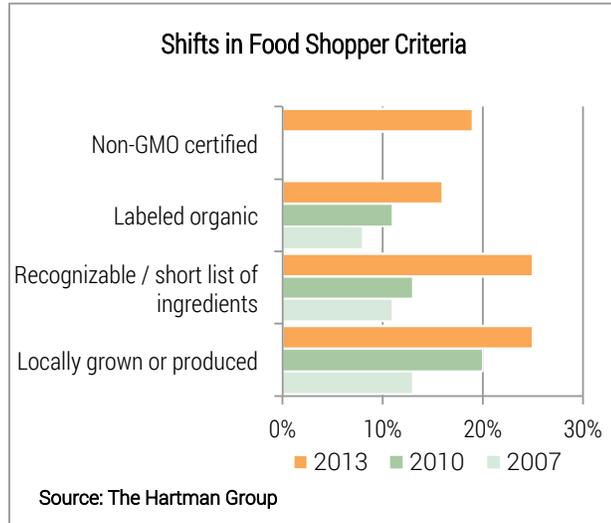


Market Opportunity

Consumer trends in food and health are converging, opening opportunities for disruption in food and agriculture. The shifts in priorities over the last 7 years are pronounced.

The growing interest in where food comes from and what’s on the label or the table is accompanied by recognition that what we eat has a material impact on our health outcomes. Obesity rates are climbing, and preventable chronic diseases linked to behavior and lifestyle choices, such as what and how much to eat, are occurring earlier and earlier in the lifecycle. Nutrition is at the forefront of policy debate and despite some modest adjustments, the industry prefers the status quo—they have little incentive to change.



Yet the market is demanding change. Our current food system is not equipped to address the demand, and the time has come to disrupt the food industry. We are starting this disruption from the bottom up: with preschool-aged children.

Business Model

Sprout makes kids love real food. We prepare and deliver lunches fresh daily to schools, run cooking classes with kids, and educate parents about real food.

- We sell highly nutritious food to **small private** schools without existing food service options
- We **produce onsite** and deliver to multiple schools
- We bundle **food service products** with **education products**
- We are navigating **blue ocean distribution channels** (90% of preschools have no food service)
- We achieve **triple bottom line results profitably**

Parents and school administrators value Sprout because they know that our service is permanently improving their children’s eating behaviors and health; Sprout expands their palettes (Yes, they actually eat Kale!), and both families and teachers rely on us to help their kids develop a lifelong preference for real food over processed food.



Why It Works

Premium Pricing	Efficiency	Values Fit	<p>Difficult to Replicate</p> <p>Better-than-industry margins</p> <p>Loyal customer base</p>
<p>60% premium pricing over industry standards achieved by:</p> <ul style="list-style-type: none"> • Intense R&D to hit nutrition and taste targets • Food service bundled with education & parent communication 	<p>Food costs 30-50% below industry:</p> <ul style="list-style-type: none"> • Proprietary ops system yields highly efficient production • Pre-sold meals – Produce to spec and have virtually zero waste 	<ul style="list-style-type: none"> • Mission-driven • Rooted in science • Long-term triple bottom line results • Core values deeply aligned with customers (educators) – this opens doors 	

Products & Services

Our products are a combination of food and information/educational services. We use evidence-based research to define both products. With food, we use nutrition research to define how we configure meals. With the education piece, we are combining quick start-up style experimentation and iteration with scientifically rigorous pilot studies on the effectiveness of our programs. These studies are forming the basis of an SBIR grant application to the National Institutes of Health in Spring 2015.

Food Service



Kids love getting lunch in animal-shaped bento boxes

Culinary & Nutrition Education



Kids love learning about food in a hands-on environment



Leadership Team

Sprout is a mission-driven for-profit company founded by MIT alumna Katherine Shamraj. As a woman-owned business pursuing an agenda of healthful real food, Sprout's values are closely aligned with the policy agenda of Somerville Mayor Joe Curtatone. The Somerville Office of Strategic Planning and Community Development is supportive of the company's expansion into 33 South St.

Sprout has attracted a leadership team of extraordinary talent and depth:



Katherine Shamraj, Founder & CEO

MBA, MIT Sloan | MS, Georgetown University | BA, Wellesley College
Katherine has 15 years of strategy and management consulting experience. She has led multi-million dollar organizational transformation and technology implementation projects in the US, Africa, the Middle East and Europe and has an established track record with financial management, fundraising, leading teams and managing clients.



JD Kemp, PhD, COO

PhD, Duke University | BSE, Duke University
Originally an aerospace engineer, JD merged his talent for cracking tough problems with his passion for food systems. He has founded and multiple food ventures including a culinary incubator that has launched over 350 food companies. JD is widely considered to be one of Boston's brightest talents in food and agriculture.



Alexander Reuter, CFO (Acting)

MBA, London Business School | BA, Babson College
A seasoned investment banker and the co-founder and managing director of a Dubai-based private equity fund, Alex oversees Sprout's financial performance and acts as a strategic advisor and fundraising partner.



Denise Swidey, Culinary Director

AS, Culinary Institute of America, BA – Tufts University
Denise is an Emmy-nominated culinary producer, food writer for *The Boston Globe*, and culinary scientist. A graduate (and valedictorian) of America's premier culinary arts program, the Culinary Institute of America in Hyde Park, NY, Denise oversees Sprout's recipe development and culinary curriculum.



E. Whitney Evans, PhD, RD, Nutrition Director

PhD, Tufts Friedman School | MS Boston University | BA Duke University
Dr. Evans is committed to making an impact on childhood obesity through large scale interventions. She has both clinical and research experience—an extremely rare combination. She defines Sprout's nutrition standards and oversees nutrition programming.



Additional Sources of Income

As the 33 South St. facility will exceed Sprout’s capacity requirements for the first three years, we intend to bring additional food companies to operate as subtenants during hours when the facility is not operating at capacity:

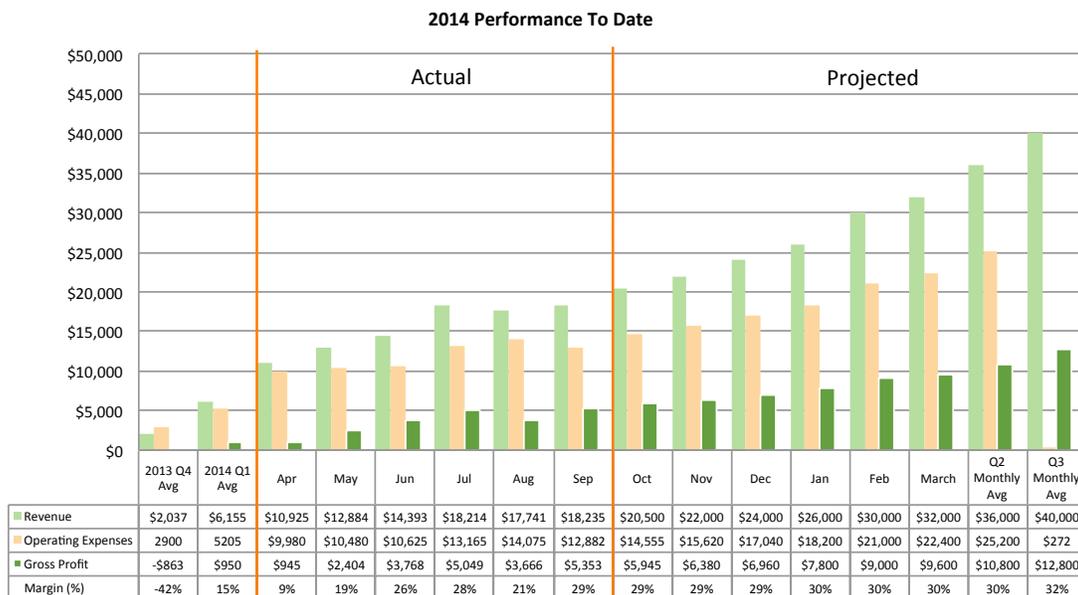
- Starting Month 1: \$2500 (CLC Catered Events, See Addendum LOI)
- Starting Months 3-4: \$2000-4000 additional income from a network of food companies that our team is closely connected to for a total of \$6500 maximum additional revenue to help cover facility costs including rent, utilities, insurance, taxes, commercial kitchen equipment, cleaning, and maintenance.

Given JD Kemp’s experience in this area, our team is exceptionally positioned to manage and bring multiple subtenants into the space.

Fundraising

We successfully raised \$290,000 in seed funding to grow the company from investors and are currently preparing for our second round of fundraising in which we anticipate closing additional \$500,000. The **current base of six investors has committed to participating in the second funding round.**

Financial Performance





Cash Position

While we are a startup, our cash position is strong. With a **\$232,165 cash** balance and expectations of additional investments, we have sufficient funds to operate in 33 South for the next 36 months—even without additional fundraising.

See balance sheet (Separate Appendix) for Cash Position details.

Growth Projections

PROJECTIONS						
P&L Projections						
	2015	2016	2017	2018	2019	
SALES						
B2B	\$ 154,980	\$ 237,636	\$ 387,450	\$ 573,426	\$ 759,402	
B2C	\$ 125,993	\$ 403,276	\$ 843,296	\$ 1,413,425	\$ 2,113,662	
Dinner	\$ 20,694	\$ 41,056	\$ 75,186	\$ 118,614	\$ 167,819	
Catering	\$ 52,428	\$ 85,568	\$ 139,655	\$ 227,930	\$ 372,004	
Total	\$ 354,095	\$ 767,537	\$ 1,445,587	\$ 2,333,396	\$ 3,412,887	
Prime Costs (Variable)						
B2B	\$ 68,224	\$ 102,856	\$ 159,778	\$ 230,660	\$ 305,469	
B2C	\$ 50,137	\$ 143,115	\$ 278,201	\$ 444,108	\$ 656,452	
Dinner	\$ 7,301	\$ 11,432	\$ 17,321	\$ 26,959	\$ 36,984	
Catering	\$ 21,373	\$ 23,476	\$ 49,494	\$ 79,261	\$ 126,848	
Total	\$ 147,036	\$ 280,880	\$ 504,794	\$ 780,989	\$ 1,125,754	
Prime Costs (Fixed)						
B2B	\$ 66,905	\$ 59,879	\$ 69,960	\$ 80,000	\$ 90,276	
B2C	\$ 54,391	\$ 101,616	\$ 152,270	\$ 197,189	\$ 251,267	
Dinner	\$ 8,934	\$ 10,345	\$ 13,576	\$ 16,548	\$ 19,950	
Catering	\$ 22,634	\$ 21,561	\$ 25,217	\$ 31,799	\$ 44,223	
Prime Costs	\$ 152,864	\$ 193,401	\$ 261,023	\$ 325,536	\$ 405,715	
Gross Profit						
B2B	\$ 19,851	\$ 74,901	\$ 157,712	\$ 262,766	\$ 363,657	
B2C	\$ 21,464	\$ 158,545	\$ 412,825	\$ 772,128	\$ 1,205,943	
Dinner	\$ 4,459	\$ 19,279	\$ 44,288	\$ 75,107	\$ 110,884	
Catering	\$ 8,422	\$ 40,531	\$ 64,945	\$ 116,871	\$ 200,933	
Gross Profit	\$ 54,195	\$ 293,255	\$ 679,769	\$ 1,226,872	\$ 1,881,417	
Expected Investments in Company Growth						
R&D	\$ 256,733	\$ 298,098	\$ 460,296	\$ 447,569	\$ 483,615	
Capex	\$ 68,743	\$ 124,442	\$ 118,814	\$ 110,777	\$ 110,042	
Total Investment	\$ 325,476	\$ 422,540	\$ 579,109	\$ 558,347	\$ 593,657	



LETTER OF INTENT

THIS LETTER OF INTENT, made 10 / 26 / 2014, is agreed by Sproot, a Massachusetts corporation (the "Master Lessee"), and CLC Catered Events, a Sole Proprietorship (the "Subtenant").

The parties agree that the terms below between Sproot and CLC Catered Events may form the basis of a lease agreement in which CLC Catered Events will sublease the use of commissary facilities at 33 South St in Somerville MA.

Master Lessee:	Sproot
Subtenant:	CLC Catered Events
Lease Term:	2 Years
Rental Rate:	\$2500 per month
Commissary Access:	Subtenant will have access to use of the commissary daily from 10am to 9pm for up to 30 hours per week. Additional hours beyond 30 per week will be billed an additional charge of \$15/hour.
Office Space:	Subtenant will have an allocated office space within the facility and access to the office 24/7
Parking & Loading:	Subtenant has the right to three "floating" parking spots during production hours and one "floating" parking spot during office hours
Reserved Parking:	Dedicated or overnight parking spots may be reserved for an additional \$100/month
Utilities:	Subtenant will be billed for 33% of electricity, gas, water, and maintenance charges.
Working Order:	Master Lessee is responsible for ensuring that commissary facilities are equipped and the equipment is in working order

Sproot, 250 Main St. 425352, Cambridge MA 02142



Conditions: Execution of a lease based on this LOI is conditional to Sprout's execution of a Master Lease with the Landlord of 33 South

Approval: Subtenant must be approved by Landlord and property owner of 33 South prior to execution of a lease

LOI: This document serves as a letter of intent. No legally binding obligations will arise as a result of this LOI until and unless both parties execute a lease

For CLC Catered Events:

A handwritten signature in black ink, appearing to read "R. Peletier", written over a horizontal line.

Name: Robert Peletier

Title: Founder & CEO

For Sprout:

A handwritten signature in black ink, appearing to read "K. Shamraj", written over a horizontal line.

Name: Katherine Shamraj

Title: Founder & CEO



Sprout Company
Balance Sheet
As of September 30, 2014

8:18 PM
10/17/14
Accrual Basis

	<u>Sep 30, 14</u>
ASSETS	
Current Assets	
Checking/Savings	
Business Checking 200	24,901.46
Business Savings	204,131.75
Paypal Account	3,132.20
Total Checking/Savings	<u>232,165.41</u>
Accounts Receivable	
11000 · Accounts Receivable	19,661.38
Total Accounts Receivable	<u>19,661.38</u>
Other Current Assets	
20120 · Katherine Deferred Wage Expense	15,384.64
13000 · Employee Loan	4,000.00
Total Other Current Assets	<u>19,384.64</u>
Total Current Assets	<u>271,211.43</u>
Fixed Assets	
15100 · Start-up Investment	32,805.03
15200 · R&D Cost	65,458.29
Total Fixed Assets	<u>98,263.32</u>
Other Assets	
18000 · Security Deposits Asset	1,100.00
Total Other Assets	<u>1,100.00</u>
TOTAL ASSETS	<u><u>370,574.75</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20001 · Accounts Payable	1,886.40
Total Accounts Payable	<u>1,886.40</u>
Credit Cards	
AMEX 3001	4,238.26
Chase 9026	5,208.15
Total Credit Cards	<u>9,446.41</u>
Other Current Liabilities	
19000 · Investors	
19010 · Alexander Reuter	100,000.00
19020 · Ekaterina	50,000.00
19030 · John Shamraj Inc	30,000.00
19040 · Marco Vasconi	50,000.00
19050 · Seymour CB	30,000.00
19060 · Tamar M Obied	30,000.00
Total 19000 · Investors	<u>290,000.00</u>
20000 · Owner Loans	
20100 · Katherine Payroll Deductions	1,796.00



Sprout Company
Balance Sheet
As of September 30, 2014

8:18 PM
10/17/14
Accrual Basis

	Sep 30, 14
20010 · Katherine Loan	117,551.73
20000 · Owner Loans - Other	20.71
Total 20000 · Owner Loans	119,368.44
24000 · Payroll Liabilities	
24600 · Accrued Payroll	15,340.64
24100 · Health Insurance	-449.02
24300 · Federal Unemployment (940)	164.50
24400 · MA Income Tax	520.17
24500 · MA Unemployment Tax	253.63
Total 24000 · Payroll Liabilities	15,829.92
21000 · Unearned Income	27,010.86
25000 · Meals Tax Payable	1,937.97
Total Other Current Liabilities	454,147.19
Total Current Liabilities	465,480.00
Total Liabilities	465,480.00
Equity	
30400 · Owner Equity	
30410 · Katherine Equity	365.13
30420 · Nicola Equity	10.00
Total 30400 · Owner Equity	375.13
Net Income	-43,229.12
Total Equity	-94,905.25
TOTAL LIABILITIES & EQUITY	370,574.75